



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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April 6, 2000

Mrs. Karen Palmer
Diamond K Gypsum Inc.
P.O. Box 35
Richfield, Utah 84071

Re: Review of Operator Response, Tentative Approval of Large Mine Permit Amendment, Diamond K Gypsum Inc.(DKG), DKG Quarry, M/015/041, Emery County, Utah

Dear Mrs. Palmer:

The Division has completed a review of your response received January 27, 2000. Please extend our best wishes to your husband Phillip for a speedy recovery. The information you have provided will allow us to issue Tentative Approval of your proposed amendment. Tentative Approval means that all the technical issues in the mining notice have been adequately addressed. To receive final approval, DKG will need to provide the Division with a reclamation surety in the amount of \$33,100 and a new completed Reclamation Contract (Form MR-RC).

Please be advised that you will also need final approval from the BLM for this most recent permit amendment. Also, since this project involves BLM managed land, the reclamation surety will need to be made out jointly to the Division and BLM. To assist you in completing the surety documents we have enclosed a joint agency surety form, a blank reclamation contract, instructions for completing the reclamation contract, and a partially completed reclamation contract for your use. Please carefully review the information in the partially completed reclamation contract for accuracy. We suggest you photocopy these documents and then use the photocopies to prepare draft forms. You may wish to telefax the draft documents to us for review before you finalize the originals.

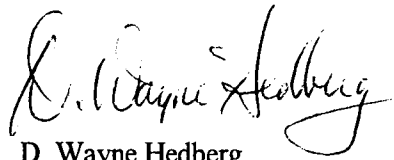
On April 3, 2000, Dean Nyffeler of the BLM Price Field Office informed the Division that Area A of the DKG operations could now be released from further reclamation responsibility. The Division is in agreement with granting release of Area A. This letter will serve as documentation granting final reclamation release for this area.

The reclamation surety estimate previously prepared by the Division has been revised using the information provided in DKG's latest response. A copy of the revised surety estimate is attached. The release of Area A did not affect the schedule of disturbance and concurrent reclamation acreage prepared by the Division on October 27, 1999 (copy attached).

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Karen Palmer
M/015/041
April 6, 2000

As soon as we receive the completed surety documents, we can finalize our approval of this amendment and notify you accordingly. If you or your surety agent have any questions regarding these documents please call me at (801) 538-5286, Tony Gallegos at 538-5267 or Joelle Burns at 538-5291. Thank you for your continued cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "D. Wayne Hedberg".

D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

jb

Enclosures: joint agency surety bond form, partially completed reclamation contract, form MR-RC w/instructions,
Attachment: Division Surety Estimate of April 4, 2000 & Schedule of Acreage 10/27/99

cc: Dean Nyffeler, BLM Price FO

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RECLAMATION SURETY ESTIMATE**Diamond K Gypsum, Inc.**

last revision

04/04/00**DKG Quarry**

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M/015/041 (UTU-69860)**Emery County****Prepared by Utah State Division of Oil, Gas & Mining****-This estimate uses a D9 size dozer for most earthwork.****-The DKG gypsum quarry has a permit area of 30 acres; bonded for 12.6 disturbed acres.****-This estimate is based on adherence to the mining & reclamation schedule 1999 - 2008.****-Deviation from the proposed reclamation schedule may result in increased bond amounts.****-Estimated initial disturbance as of 10/26/99: B (3.32) + C (4.09) +access road (0.60) = 8.01 acres.****-Area A: approx. 8.5 acres disturbed, 4.5 acres reclaimed 1995, 4 acres reclaimed 1997; AREA A IS NOW RELEASED****-Area B: approx. 3.32 acres disturbed, 3.18 acres reclaimed 1998, 0.12 acre access road remains.****-Area C: approx. 4.1 acres disturbed, current mining area includes soil & overburden stockpiles & access road.****-Assumed final disturbances of: 5 acres of previously mined, unreclaimed area & 5 acres of last active quarry, plus main access road outside of quarry & 2 culvert crossings.****-Previously mined inactive area assumed to be a duplicate of active area disturbances.****-Active mine area includes: overburden & soil stockpiles (2 acres) & quarry floor including road (3 acres).****-Main access road disturbance at end of mine life estimated as 2.6 acres.****-Access road assumed to be 25 ft wide, 4,500 ft long (based on max length of mining blocks block).****-Access road segment within active quarry area covered with overburden; no ripping required.****-Overburden volume is based on 2ft depth over 10 acres; topsoil volume is based on 1 ft depth over 10 acres.****-Estimated maximum disturbance over entire mine life = 30.0 acres****-Maximum disturbance allowed (bonded) at any time = 12.6 acres**

<u>Activity</u>	<u>Quantity</u>	<u>Units</u>	<u>\$/unit</u>	<u>\$</u>	<u>Note</u>
Ripping stockpile & compacted areas (2 x 2 acre)	4.0	acre	250	1,000	(1)
Regrading portions of quarry (2 x 2 acre)	4.0	acre	337	1,348	(2)
Ripping 1/2 main access road - dozer	1.3	acre	250	325	(1)
Regrading all main access road - dozer	2.6	acre	337	876	(2)
Surface drainage restoration - trackhoe	500	LF	0.11	55	(3)
Culvert removal & drainage restoration - trackhoe	1.0	sum	1,000	1,000	(4)
Overburden replacement - dozer- 2ft, 10 acre	32,267	CY	0.33	10,648	(5)
Topsoil replacement - dozer - 1 ft, 10 acre	16,133	CY	0.33	5,324	(5)
Drill seeding	12.6	acre	150	1,890	(01)
General site cleanup & trash removal (10% site)	1.3	acre	50	63	(02)
Equipment mobilization	2	equip	800	1,600	(03)
Reclamation Supervision	4	days	372	1,488	(5)
		Subtotal		25,617	
10% Contingency				2,562	
		Subtotal		\$28,179	
Escalate for 5 years at 3.27% per yr				4,919	
		Total		\$33,098	
				\$33,100	
Rounded surety amount in yr 2005-\$				\$33,100	
Average cost per disturbed acre =		\$2,627			

50		Rounded surety amount in yr 2005-\$	\$33,100
51	Average cost per disturbed ac	\$2,627	

	RECLAMATION SURETY ESTIMATE <i>Diamond K Gypsum, Inc.</i> DKG Quarry M/015/041 (UTU-69860) Prepared by Utah State Division of Oil, Gas & Mining	last revision 04/04/00 filename o:\data\bonding\m15-41.wb3 Emery County
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Note	
(1)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, multi shank rippers, speed 1.0 mph
(2)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, mtl 2550 lb/CY, 50 ft push, 1 ft depth
(1)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, multi shank rippers, speed 1.0 mph
(2)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, mtl 2550 lb/CY, 50 ft push, 1 ft depth
(3)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, mtl 2550 lb/CY, 50 ft push, used avg vol 0.5CY/LF-berm
(4)	Means 2000 & Blue Book 3Q/99: Cat 307B excavator & Crew B-12E operator; 12 hrs @ \$83.33/hr
(5)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, mtl 2550 lb/CY, 100 ft push
(5)	Means 1999 & Blue Book 3Q/99: Cat D9N, U, mtl 2550 lb/CY, 100 ft push
(01)	DOGM general estimate - drill seeding
(02)	DOGM general estimate - site cleanup & trash removal
(03)	DOGM general estimate - equipment mobilization, <100 miles one-way
(5)	Means 1999, 010-036-0180, project manager, minimum \$1,860/wk

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M/015/041 (UTU-69860)
Diamond K Gypsum, Inc.
DKG Quarry
Emery County

- Estimated initial disturbance as of 10/26/99: $B(3.32) + C(4.09) + \text{access road}(0.60) = 8.01$ acres
- Acreages used in this table for new mine area & annual reclamation taken from DKG response received July 12, 1999
- Allocated the estimated 2.6 acres of main access road disturbance over the years 1999 - 2004
- Assumed that mining new areas stops in year 2004 & reclamation of remaining disturbance occurs in next year
- Column "beginning disturbance" = disturbance existing at beginning of the year (includes active areas plus all reclaimed but unreleased areas)
- Column "total new" = new road area + new mine area
- Column "total disturbed" = beginning disturbance + total new
- Column "adjusted total" = total disturbed - released this year

Year	Adjusted Total	Total disturbed	Beginning Disturbance	Total New	New Road Area	New Mine Area	Reclaimed this year	Reclaimed Unreleased	Released in 3 yrs	Released in 2 yrs	Released in 1 yr	Released this year
NOW-1999	8.01	8.01	3.32	4.69	0.60	4.09	0.00	3.18	0.00	3.18	0.00	0.00
2000	11.71	11.71	8.01	3.70	0.40	3.30	3.20	6.38	3.20	0.00	3.18	0.00
2001	12.93	16.11	11.71	4.40	0.40	4.00	4.00	7.20	4.00	3.20	0.00	3.18
2002	18.33	18.33	12.93	5.40	0.40	5.00	4.00	11.20	4.00	4.00	3.20	0.00
2003	19.53	22.73	18.33	4.40	0.40	4.00	4.00	12.00	4.00	4.00	4.00	3.20
2004	19.93	23.93	19.53	4.40	0.40	4.00	4.00	12.00	4.00	4.00	4.00	4.00
2005	15.93	19.93	19.93	0.00	0.00	0.00	7.93	15.93	7.93	4.00	4.00	4.00
2006	11.93	15.93	15.93	0.00	0.00	0.00	0.00	11.93	0.00	7.93	4.00	4.00
2007	7.93	11.93	11.93	0.00	0.00	0.00	0.00	7.93	0.00	0.00	7.93	4.00
2008	0.00	7.93	7.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.93
2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

FINAL RECLAMATION RELEASE IN YEAR 2008

END OF ACTIVE MINING IN YEAR 2004